

BOARD LETTER NO. 21 - 453

FINANCE & BUDGET COMMITTEE NO. 1

BOARD AGENDA NO.

DATE: October 12, 2021

RE: American Rescue Plan Act
Funds, Proposed Conceptual
Plan

FROM: Kevin Z. Gray
County Administrator

Brian Fritsinger
Deputy Administrator

RELATED DEPARTMENT GOAL:

To exercise responsible stewardship of county resources, to manage the overall county budget, and make budget recommendations to the Board.

ACTION REQUESTED:

The St. Louis County Board is requested to adopt the proposed budget plan for the use of the American Rescue Plan Act Funds.

BACKGROUND:

St. Louis County has been awarded approximately \$54,536,596 in American Rescue Plan Act (ARPA) funds for COVID Response, Recovery, Revenue Replacement and Infrastructure expenses for the period beginning March 3, 2021 through December 31, 2024. This Federal funding is intended to meet local needs, prioritize households, individuals and communities hardest hit by the crisis and lay the groundwork for an equitable recovery from the pandemic. The funds must be spent or encumbered by December 31, 2024 and funds that are encumbered for capital projects must be spent by December 31, 2026.

Under the Act, counties that are considered Community Development Block Grant (CDBG) recipients (Urban Entitlement Counties) received funding based upon the larger of the population-based share or the share under a modified CDBG allocation formula. The initial ARPA estimates for the County were approximately \$27 million, but as an Urban Entitlement County, the formula resulted in funding at the higher level. The specifics of the breakdown under that formula have not been made available to the County. The CDBG formula was most likely used due to the correlation between the primary goal of ARPA being to serve those hardest hit by the pandemic and the qualified census tracts (QCT's) in which many of those individuals reside.

Over the past several months, Administration has been working with community stakeholders, county departments and County Board on the development of a plan proposal for the use of ARPA funding. ARPA provides a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the county recovers. The plan proposed and described below uses the funds to focus on four categories of uses: to respond to the public health emergency; address its negative impacts; serve the hardest hit; and improve access to water, sewer or broadband infrastructure.

- PHHS COVID Response - \$5m

This category of work is the various responsibilities of our Public Health division in core areas of responsibility related to the pandemic, emergency preparedness and vaccinations. Included in this category are items such as personnel and overtime (\$3.7m), infection control (\$450k), Isolation & Quarantine staffing thru the end of 2021 (\$105k), testing kits, supplies, travel, other miscellaneous items (\$745k).

- COVID Recovery - \$12.5m

This category is directly called out and a focus of US Treasury guidance and the key purpose of the relief funds. Included in this category are the following items: School Re-engagement (\$5.2m); Future Health concerns to respond to gap funding needs associated with the health disparities including a focus on mental health through the prioritization of funds towards projects that retain or expand capacity (\$1m); Clarity Project gap funding to cover any costs above the \$5m State bond funding award (\$2m); Other health concerns and behavioral health needs (\$300k).

The final item in this category would be Supportive Housing projects located throughout the county and focused within our QCT's which allow for investment in the strategic opportunities that present themselves and respond to community needs (\$4m). County staff continue to work with our various partner agencies, north and south, to identify and explore new model/shelter housing projects, projects that align with the continuum of care, and other projects that respond directly to needs of those most at risk can be addressed. Another example of a potential project in the early stage of research and vetting is an Aging in Place type project which may qualify by targeting those most vulnerable to COVID (\$400k). Most critical to this category at this point is the flexibility necessary to develop and respond to the needs of our citizens in a wide variety of situations.

- County COVID Expenses - \$7m

This category includes the reimbursement for a wide variety of other costs incurred to date responding to the pandemic and those costs the will continue to be incurred in that response. To date the County has expended approximately \$1.2m on our day-to-day response the pandemic. Examples of the costs include the reimbursement of emergency management and safety & risk management personnel; health care insurance; facility (capital) improvements, IT security associated with our internal operations.

- Business Assistance - \$1m

This category is to provide funding to those businesses that were hardest hit by the pandemic and are still in need of financial assistance in their recovery efforts. County staff is working on a program concept to develop a request for proposal that will be issued to identify an outside firm that can manage and leverage other outside funds on behalf of the county.

- Revenue Loss - \$7.25m

This category consists of the key projects that the estimated first year losses of revenue experienced by the County can be turned over and used for priority projects. The County cannot expend revenue losses beyond those that have already been realized. The County's first year revenue loss is \$5.4m so any funding of additional projects beyond that amount up to the proposed \$7.25m can only take place after the losses are realized. Thus, the proposed projects following are listed in order of recommended priority. Included in this category are the following projects: Revenue loss reimbursement for Public Works (\$3.9m); Heliene Solar Plant Expansion (\$750K); Broadband needs at Environmental Services canister/transfer stations (\$650k); Broadband needs at Public Works facilities (\$600k); Northern Fairgrounds Building projects (\$1.2m); DEI Initiatives (\$150k).

Preliminary calculations show that the County may have upwards of \$19m in lost revenues over the ARPA timeframes. However, no further commitment on the use of future revenue losses are proposed until the full scope of future pandemic costs are known and accurate annual revenue loss projects can be calculated.

- Water & Sewer & Broadband Infrastructure - \$13m

The Board has clearly articulated one of its highest priorities is the use of the funds to ensure that clean water is protected or improved in the County. Included in this category is a variety of improvements at the Virginia Landfill to better manage leachate, build treatment ponds, wetlands and other related activities (\$10m); The County board previously approved the use of ARPA funds for both Broadband infrastructure and broadband planning grants (\$2m); The remaining funds (\$1m) would be used to establish a grant program to smaller communities that have projects that would address imminent health risks by protecting or cleaning up water.

The receipt of ARPA funds is a tremendous opportunity to utilize federal monies to address the critical needs of the County, our residents, and businesses. The timelines included in the US Treasury guidelines require the County to be forward thinking yet mindful to the current needs noted. The proposal reflects a series of initial projects while recognizing the need to continuously look to the future and preserving funds for any future needs and/or prioritized changes by the County Board. Prior to proceeding with any specific programs/projects that are identifiable within any of the categories, other than the day-to-day expenditures being incurred by the County in its continued response the pandemic, those programs/projects will be brought forward to the County Board for formal discussion and consideration.

RECOMMENDATION:

It is recommended that the St. Louis County Board approve the proposed conceptual plan framework detailed below for the initial use of American Rescue Plan Act funds and further directs Administration to develop the appropriate programs for each of these categories and to present those proposed projects/program details to the Board via future resolutions prior to distributing funds or initiating any related project/program guidelines.

Funding Category	Funding (up to)
COVID Response	\$ 5,000,000
COVID Recovery	\$12,500,000
• School Reengagement	\$ 5,200,000
• Future Health Concerns	\$ 1,000,000
• Housing	\$ 4,000,000
• Clarity Gap Funding	\$ 2,000,000
• Other	\$ 300,000
COVID County Expenses	\$ 7,000,000
• Personnel	\$ 2,000,000
• Facility/Capital Improvements	\$ 1,000,000
• IT Security	\$ 2,000,000
• Health Insurance Expenses	\$ 2,000,000
Business Assistance	\$ 1,000,000
Revenue Loss (Other Projects)	\$ 7,250,000
Water/Sewer & Broadband Infrastructure	\$13,000,000
Uncommitted & Available for Future Programs	\$ 8,750,000
Total St. Louis County Response	\$54,500,000

American Rescue Plan Act Funds, Proposed Conceptual Plan

BY COMMISSIONER _____

WHEREAS, On March 11, 2021 the President of the United States signed into law the \$1.9 Trillion American Rescue Plan Act (ARPA) to provide continued relief from the impact of the COVID-19 pandemic; and

WHEREAS, Approximately \$350 billion of the ARPA funding was allotted to assist state, local, tribal, and territory governments in responding to the COVID-19 pandemic; and

WHEREAS, Funds received are required to be used in accordance with the Coronavirus Local Fiscal Recovery Fund (CLFRF) requirements as provided within the guidance issued by the United States Department of the Treasury:

- To respond to the public health emergency.
- To address its negative economic impacts.
- To serve the hardest hit.
- To make necessary investments in water, sewer, or broadband infrastructure; and

WHEREAS, St. Louis County will receive \$54,536,596 in funding, of which \$27,268,298 has already been received with the remaining amount to be received approximately 12 months after the receipt of the first tranche; and

WHEREAS, The St. Louis County Board previously authorized the investment and distribution of up to \$5,183,159 in 2021-2024 American Rescue Plan Act funds through its Public Health and Human Services (PHHS) Department to support school districts and individual schools within St. Louis County to reengage students and get them back on track for academic success following the pandemic; and

WHEREAS, The St. Louis County Board previously authorized the investment and distribution of up to \$2,000,000 in American Rescue Plan Act funds through its Planning & Community Development Department to establish and fund Broadband infrastructure and planning grants; and

WHEREAS, The Board has previously met and discussed priority spending of allotted ARPA funds and reviewed the proposed conceptual plan as part of its September 21, 2021 County Board Workshop meeting; and

THEREFORE, BE IT RESOLVED, That the St. Louis County Board approves the initial proposed conceptual plan framework for the use of American Rescue Plan Act funds as follows:

Funding Category	Funding (up to)
COVID Response	\$ 5,000,000
COVID Recovery	\$12,500,000
• School Reengagement	\$ 5,200,000
• Future Health Concerns	\$ 1,000,000
• Housing	\$ 4,000,000
• Clarity Gap Funding	\$ 2,000,000
• Other	\$ 300,000
COVID County Expenses	\$ 7,000,000
• Personnel	\$ 2,000,000
• Facility/Capital Improvements	\$ 1,000,000
• IT Security	\$ 2,000,000
• Health Insurance Expenses	\$ 2,000,000
Business Assistance	\$ 1,000,000
Revenue Loss (Other Projects)	\$ 7,250,000
Water/Sewer & Broadband Infrastructure	\$13,000,000
Uncommitted & Available for Future Programs	\$ 8,750,000
Total St. Louis County Response	\$54,500,000

RESOLVED FURTHER, That the County Board may adjust this budget at any time as program and project opportunities are identified that positively impact the County.

RESOLVED FURTHER, That Administration is directed to develop the appropriate programs for each of these categories and to present those proposed project/program details back to the Board via future resolutions prior to distributing funds or initiating any related project/program guidelines.